GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:4059
ANSWERED ON:18.04.2002
OIL REFINERY AT PARADEEP
KUMUDINI PATNAIK

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether the expenditure targeted to be made for oil refinery at Paradeep has been reduced to 50% by the end of February, 2002 and the reasons for such reduction in expenditure and delay of the progress;

(b) whether the Project has been posed for review to M/s. ICICI; and

(c) if so, the details of the report of the ICICI regarding the demand supply projection in their appraisal report relating to the Oil Refinery at Paradeep?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS AND MINISTER OF STATE IN THE MI OF PARLIAMENTARY AFFAIRS (SHRI SANTOSH KUMAR GANGWAR)

(a) Budget Estimate (BE) of expenditure originally targeted for Paradip Refinery project was revised fromRs. 1275 crore to Rs. 414.60 crore for the year 2001-2002 since major contract could not be awarded as per schedule due to delay in project implementation. The reasons for delay in implementation and review of project schedules of Paradip refinery are as under:-

(i) Withdrawal of joint venture partner Kuwait Petroleum Corporation from the project.

(ii) Withdrawal of sales tax concessions by the Government of Orissa in February, 2000, affecting the viability of the project; A fresh package of incentives has now been approved by the Orissa Government.

(iii) Due to increase in project cost and present supply demand situation of petroleum products in the country.

(b)&(c): Yes, Sir. The project appraisal report of ICICI was based on the assessment of `Demand Supply Projections of Petroleum Products` by M/s. Chem System, U.K. the main details of which are given below:-

(i) The total demand for the year 2005-2006, 2010-2011 and 2015-2016 has been projected as 122.3, 151.03 and 184.61 million metric tonnes per annum (MMTPA) respectively.

(ii) Projections of supply demand balance in the country have been indicated as given below

(MMTPA)

2005-2006	2010-2011	2015-2016
10. 51 Surplus	7.71 Surplus	(7.38) Deficit